frontier-free EUROPE
Directorate-General for Information, Communication, Culture and Audiovisual Media
Monthly newsletter
ISSN 1021-2353

Euro: preparations must be speeded up

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In fewer than 450 days the euro will be a reality: it is an irreversible process now.

Convergence has become a reality

The economies of the European Union Member States are now fast converging, and the rules for the operation of European economic and monetary union (EMU) have already been defined. And these are the two preconditions needed to give birth to the euro in the right conditions.

In the early 1980s around 10 European countries experienced double-digit rates of inflation; in 1997, however, price rises in the European Union should not exceed 2.2 % on average. In addition, the last few years have witnessed an unprecedented tendency for inflation rates to converge. In 1982 there was a difference of 7 points between French and German inflation rates; it has fallen to 0.3 %. Budget deficits have also fallen considerably in all Member States; they should be equal to or even below 3 % in the great majority of them. Member States' national debt is falling also, at a slower pace. The stabilisation already achieved has resulted in a fall in interest rates to an historically low level. This has enabled companies and households to make considerable savings. Finally, Europe has enjoyed very stable exchange rates since 1995. Twelve countries currently participate in the European Monetary System (EMS) — the highest number since its creation.

Economic convergence, therefore, is no longer a wish but a reality, and its positive effects are beginning to be felt in terms of growth and employment. The overall improvement in the economic climate has resulted in a faster growth rate in Europe — it should reach 2.4 % in 1997, as against last year's 1.6 %. This will stimulate tax revenues, making it easier to pursue stabilisation efforts.

As for the operational rules of economic and monetary union, it is a matter of the legal status of the euro, the stability and growth pact and the creation of a revised EMS. Last June the European Council, meeting in Amsterdam, formally ratified the corresponding texts, drafted by the European Commission([2]).

Anticipating the euro at company level

Which tasks remain to be carried out on a priority basis? It is necessary, first of all, to define the modalities for the external management of the euro area. This comes down to drawing the conclusions from the international role the euro will play, by guaranteeing that the Member States taking part in the euro will speak with one voice in international monetary and financial bodies.

Next, the requirements of the timetable make it necessary to speed up the preparations at the level of companies and administrations. Many companies, particularly in countries with high export levels, are directly affected by the 1 January 1999 deadline. All businesses must now set up internal coordination structures, in order to identify the difficulties to be resolved and assess the consequences of the creation of a European currency on the totality of a company's activities — accounting, finance, information processing, etc. Companies must train their staff, make the necessary investments, redefine — if necessary — their commercial strategy or adapt their accounting systems. All this takes time, and must therefore be carefully prepared and foreseen.

To take just one example, improvident companies run the risk of bottlenecks in their data-processing systems, because of the near coincidence in time between the transition to the euro and the passage from one century to the next. Tensions on the market for computer experts could manifest themselves, given the proximity of the launch of the euro. Under these circumstances, a company manager who chooses to wait is not being prudent but taking a risk!

If companies must quickly mobilise themselves, national administrations must also step up their own preparations. They must simultaneously prepare their own departments for the transition to the euro, and review their legislative and regulatory frameworks, in order to adapt them to the new currency. It is high time that national administrations inform businesses of the place they plan to give to the euro during its transitional phase (1999-2002). Countries which delay doing so could put their companies at a disadvantage, by making them fall behind in their preparations for the euro.

Finally, one must not forget that, independently of technical and economic considerations, the euro represents an important advance in political terms, one which will put the building of Europe at the very heart of the daily lives of its citizens — and provide a guarantee of peace and prosperity for future generations.

([1]) Based on a speech given at the European Forum in Alpbach (Austria).
([2]) See *Frontier-free Europe*, No 7/8-1997.

More building blocks for the euro

By mid-September it could be said that practically all the decisions needed to launch the euro had been taken, with the exception, of course, of the choice of participating countries — envisaged for next spring. In keeping with the decision reached by the Fifteen, at the European Council in Amsterdam, on the stability and growth pact, the EU Council of Ministers adopted two regulations on 7 July. The first provides for a closer watch on budgetary items as well as economic policy coordination, while the second both speeds up and clarifies the implementation of the procedure for excessive deficits. The EU Council at the same time approved the regulation introducing the euro; but it cannot be adopted definitively until the choice of countries participating in the single currency has been made. The scenario is the same for the technical characteristics of euro coins, in particular their common side, with the Council waiting to decide at a later date an eventual harmonisation of the national side of the coins.

Trans-European energy networks

With a view to stimulating the realisation of trans-European energy networks, the European Commission has decided to co-finance, for up to ECU 7.48 million (1 ECU = GBP 0.68 or IEP 0.74), studies for 21 projects. The total cost of the studies would be ECU 15 million. Projects in the gas sector involve, in particular, a network covering Finland, Sweden and Denmark and linked to networks of Norwegian and Russian suppliers, the VOLTA project for an Italian gas pipeline for the import of Russian gas, and the PENTA project for gas pipelines in Austria. Projects in the electricity sector include interconnections between Sweden and Norway, the UK and Norway, the UK and the Netherlands, Greece and Bulgaria and Greece and the former Yugoslavia. To these interconnections must be added the strengthening of connections in Germany, Spain, Italy and Austria. The projects in question must contribute to the completion of the single market in energy, greater security of supplies and operating flexibility.

Local, regional and urban development

Creating jobs, even while supporting local or regional projects which can serve as models throughout the EU, is the aim of 146 pilot projects, for which the European Commission has granted ECU 103 million in all from the European regional, social and agricultural funds. The selected projects, made public on 1 August, cover five areas: urban development (ECU 63 million); new sources of employment, notably the environment and providing services to people (ECU 15 million); interregional cooperation for promoting cultural heritage (ECU 15 million); developing the information society at the regional level (ECU 4.8 million) and putting innovation to work in disadvantaged regions (ECU 4.4 million).

IN BRIEF

Doctors and lawyers will be able to establish themselves more easily in another EU country, thanks to two directives which the EU Council of Ministers adopted definitively on 24 July(¹). For doctors, the mutual recognition of their formal qualifications will be simplified. Experienced lawyers who want to establish themselves on a permanent basis in another country will no longer have to undergo a test or a period of adaptation.

In order to adapt existing rules to the **full liberalisation of the telecommunications sector** from 1 January 1998, the EU Council adopted definitively on 22 July(¹) a directive which better guarantees the opening-up of the market. It stresses the independence of national regulatory authorities and ensures that all users have access to networks, and more particularly to leased lines.

The new wide-screen, 16:9 format is gaining ground in the EU. On 31 July the European Union made the final grants under its 1994-97 action plan. It allocated ECU 7.8 million to help broadcasters in nine countries to broadcast programmes in the new format, and another ECU 9.5 million to stimulate the production of programmes in this format.

Thirty-one new agencies for mastering energy will be set up, thanks to aid amounting to ECU 5.4 million, which the European Commission announced on 9 September. The funds will be provided in the framework of the energy efficiency programme, SAVE II. This will bring the total number of such agencies to 141. By cooperating among themselves, these agencies make it possible to exchange scientific and technical information, reduce regional differences concerning energy, and improve environmental protection.

The free movement of wheeled farm and forest tractors is now assured within the EU, thanks to a directive adopted by the EU Council of Ministers on 29 July(¹). The new text raises from 30 to 40 km/h the maximum speed allowed in the manufacture of these tractors, which form the major part of the market in the 15-nation EU.

The procedures provided for by the **directives on public contracts in 'traditional' sectors** — other than water, energy, transport and telecommunications — no longer risk favouring foreign companies at the expense of companies located in the EU. The EU Council of Ministers(¹) amended these directives on 24 July, by aligning their procedures on those of the Government Procurement Agreement resulting from the Uruguay Round.

To allow the **application to the UK of the texts adopted under the Agreement on Social Policy** annexed to the Maastricht Treaty, the EU Council of Ministers and European Commission adopted a procedure on 24 July, under which the Council will adopt unanimously the special directives proposed by the Commission. This makes it unnecessary to wait for the new Treaty of Amsterdam to come into force, in order to concretise the UK's adhesion to the Social Policy Agreement.

Refocusing checks on State aid

With a view to concentrating on cases of 'large-scale' State aid, which seriously threaten competition within the EU, the European Commission proposed on 15 July to improve checks on such aid. It envisages exempting various categories of non-sectoral aid, such as the aid given to SMEs, research, environmental protection, training and employment. In practice, EU Member States granting such aid would no longer have to notify the Commission. The latter would monitor such aid on an a posteriori basis. The Fifteen, for their part, would give the public access to a database containing detailed information on State aid. The Commission has announced that it would take further initiatives in the field of State aid, as regards cases of 'large-scale' and regional aid. Also on 15 July the Commission proposed amending the rules regarding State aid to the automo-

(¹) After agreement with the European Parliament.

AMSTERDAM: A NEW TREATY FOR EUROPE (II)(1)

Giving Europe a message and a voice in the world

Since the Maastricht Treaty gave the European Union responsibilities in foreign and security policy, its first experiences on the international stage have been disappointing. Whether in former Yugoslavia, the Middle East or Africa, it has not been easy to find a common denominator among the 15 Member States to match everybody's hopes. Europe's image in the eyes of the world has suffered a great deal as a result. Its citizens find it hard to accept the powerlessness and confusion which the European Union too often displays when faced with a crisis situation.

It is true that each of our countries has in the course of its history forged its own links with other parts of the world, and that political sensitivities to international problems often differ. It would be naive to think that a few amendments to the texts on European cooperation in this area would, as if by magic, cause Europe to speak with a single voice and send the world a coherent message.

But at the same time it is obvious that, by reacting separately, European countries can do little to influence events. If they are to act together more effectively, to speak with one voice and to make themselves heard, the Member States urgently need to establish real mutual trust.

The new Treaty aims to help the Union to overcome its present contradictions.

Here's how.

A better defence of the Union's economic interests

From the outset the Community has defended commercial interests on behalf of all the Member States. But international trade in the 1990s is very different from what it was in the 1960s, when it chiefly involved agricultural and industrial products. Invisible goods now account for a major proportion of the wealth which Europe's people produce. The Amsterdam Treaty aims to extend the competence of the Union to the key areas of intellectual property and services.

Foreign and security policy: setting up common strategic frameworks

The 15 Member States share important interests, and they will defend them better if they do so together. European leaders will decide by consensus on common strategies to guide the Union's action.

The Council decides, normally by unanimity, on action to take. The abstention of a Member State will not prevent a decision from being made, and any Member State which abstains can choose whether or not to participate in the action. Should a decision implementing a strategy be taken by majority, any Member State can declare in important cases that its national interests are at stake.

The President of the Council will represent the Union and will be assisted in the task by a Secretary-General, who will help to implement these political decisions. The Commission will be fully associated with this process.

Anticipating crises and creating conditions for quick decision-making

A new policy planning and early warning unit will monitor international developments, their possible implications for the Union and potential courses of action. It will alert the Council to emerging crises. Joint analyses of events and their consequences will enable the European Council to act quickly and effectively. The unit will consist of specialists from the Member States, the Council and the Commission, as well as from the Western European Union (WEU).

A step towards a European identity in security and defence

The Amsterdam Treaty acknowledges both that most Member States have obligations within NATO and that others are not members of it. All of the States, however, believe that a common foreign and security policy involves all aspects of the Union's security, including — increasingly — those relating to defence.

The Member States consider, in particular, that closer relations are desirable with the Western European Union, of which they are all members except Denmark and the countries traditionally neutral: Ireland, Austria, Finland and Sweden.

In today's world, peacekeeping or peacemaking missions, as well as humanitarian operations in crisis areas, have become matters of crucial importance. They have therefore now been written into the Treaty and will be carried out by the WEU together with some or all of the Member States, depending on the situation.

Effective institutions for an enlarged Europe

The European Union now has 15 members. But it still goes on applying the same operating rules that were designed 40 years ago for a Europe of six. The problems it faces today will only get worse if the Union's membership expands again and nothing is done to overhaul its institutional structures and make them more efficient.

On a practical level, increasing the number of partners will make it harder for them to work together: more languages will have to be used, meetings will get longer — all these problems will have to be solved in due course.

What needs to be done now is to put efficient, legitimate institutions in place. On the one hand, this will prepare the way for enlargement, particularly towards the east European countries which are knocking at the Union's gates. On the other hand, it will give the Union the tools it needs to carry out the responsibilities given to it by the Maastricht Treaty more effectively.

Here's how.

Legislative acts: the Parliament and Council will 'co-decide'

The Maastricht Treaty gave the European Parliament the power of co-decision with the Council in a limited number of areas such as research, health and culture. It left the Council with the last say on a significant number of other policies, although it substantially increased the Parliament's power. The Parliament

(1) The first part of this article was published in issue No 7/8-1997.

could either amend the Council's draft legislation (the so-called cooperation procedure) or withhold its 'assent' to Council decisions in certain areas (residence rights, the Structural and Cohesion Funds, treaties of accession and others).
The Amsterdam Treaty considerably increases Parliament's responsibilities by making the co-decision procedure more or less the general rule. The cooperation procedure will survive only within the confines of economic and monetary union. The assent procedure will be required in cases such as: penalties which the Council may decide to impose on one of its members in the event of serious and persistent violations of fundamental rights; applications for membership of the Union; certain major international agreements; the introduction of a uniform electoral system for members of the European Parliament.

In the Council of Ministers, more use of qualified majority voting

Over the last 10 years or so, the areas in which a qualified majority of votes is sufficient for a decision to be taken have been gradually extended. The Council still tries to find a consensus in most cases, but votes have been taken frequently, without creating any particular friction.
With an eye to the next enlargement, the Amsterdam Treaty extends the area where decisions can be taken by a qualified majority to cover new areas. Unanimity remains the rule in respect of constitutional matters and for a hard core of highly sensitive areas like taxation.

A stronger Presidency for the European Commission

Like the present incumbent, the next President of the Commission will be nominated by the Heads of State or Government, but the appointment will become effective only after it has been endorsed by the European Parliament. After confirmation, the new President, by 'common accord' with the national governments, will choose the other personalities for the team, which will then be presented to Parliament for approval.

Closer ties with the national parliaments

The Amsterdam Treaty encourages the national parliaments to play a greater part in Union affairs. To give them a chance to hold a debate with their respective governments at the start of the legislative procedure, Commission legislative proposals to Parliament and the Council of the Union will not be placed on the Council agenda until six weeks have passed.
Each national parliament now has a committee specialising in European affairs. These hold regular joint meetings with MEPs, and will be able to send their recommendations to the European institutions.

Groups of Member States will be able to move faster and go further than others

Differences between Member States, already appreciable with 15 members, will become even more marked with the arrival of new members. It is quite possible that not all countries will be able or willing to move forward at the same speed in all areas. The Amsterdam Treaty makes 'closer cooperation' possible. This new flexibility is protected by a range of fail-safe devices designed to safeguard the Community's objectives and existing achievements, and to prevent a situation where the slow movers can never catch up with the vanguard.

The weighting of Member States in the institutions will be modified when new States join in the future

The Commission itself shall comprise one national of each of the Member States. The 'big countries' will in effect give up their second Commissioner. At the same time, the weighting of Member States in the Council will be readjusted, to ensure that a decision taken by a majority of Member States corresponds at the same time to a sufficient percentage of the Union's population. This could be achieved either by a system of double majority (of Member States and population), or by determining the voting weight of each State as a function of its population. The number of MEPs will not exceed 700.

FROM THE FALL OF THE BERLIN WALL TO THE EUROPE OF THE 21st CENTURY

At the end of 1997 the first decisive steps will be taken along the path towards enlargement to the east. The European Union has committed itself to officially embarking on discussions with the applicant countries in central and eastern Europe (Hungary, Poland, Romania, Slovakia, Latvia, Estonia, Lithuania, Bulgaria, Czech Republic, Slovenia) and Cyprus, six months after the end of the Intergovernmental Conference which culminated in the Treaty of Amsterdam.
The negotiations are likely to be fairly lengthy. Once they are concluded, the accession treaties will be submitted for ratification by both sides. It is not until the beginning of the next decade that the applicant countries will actually be able to join the Union. The conditions each one has to meet were laid down by the Copenhagen European Council as far back as June 1993: they must have stable institutions which guarantee democracy, the rule of law, human rights, and respect and protection for minorities; there must be a viable market economy capable of withstanding competition from the Union; and they must be able to sign up to the objectives of the Union.
Enlargement is a crucial step in the shaping of a reconciled, peaceful and democratic Europe. Achieving this historic goal first became a real prospect in November 1989, when the fall of the Berlin Wall sounded the death knell of the Iron Curtain and the cold war, opening the way to German unification and free, democratic elections in all the central and east European countries.
At the time the European Union had 12 Member States and was committed to establishing a single market in which there would be freedom of movement for people, services, goods and capital by the end of 1992. The Union immediately gave Europe's new democracies its support by concluding a series of association agreements with them which led gradually to a liberalisation of trade between western Europe and central and eastern Europe. At the same time, substantial financial aid arrangements (particularly the PHARE programme) were set up to facilitate the transition from a centralised economy to a market economy. A special White Paper published in 1995 listed the laws and regulations the applicant countries should enact in the economic policy sphere to prepare the ground for their future accession.
The inclusion of the central and east European countries will be the European Union's fifth enlargement. In 1973, the United Kingdom, Ireland and Denmark were the first new members to join the Community founded by Germany, France, Italy and the three Benelux countries. At the beginning of the 1980s, the Community expanded to the south, with Greece joining in 1981, followed by Spain and Portugal in 1986. In 1995 it was Sweden, Finland and Austria's turn. Any European country may apply to become a member of the Union. The door remains open.

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KEY FIGURES

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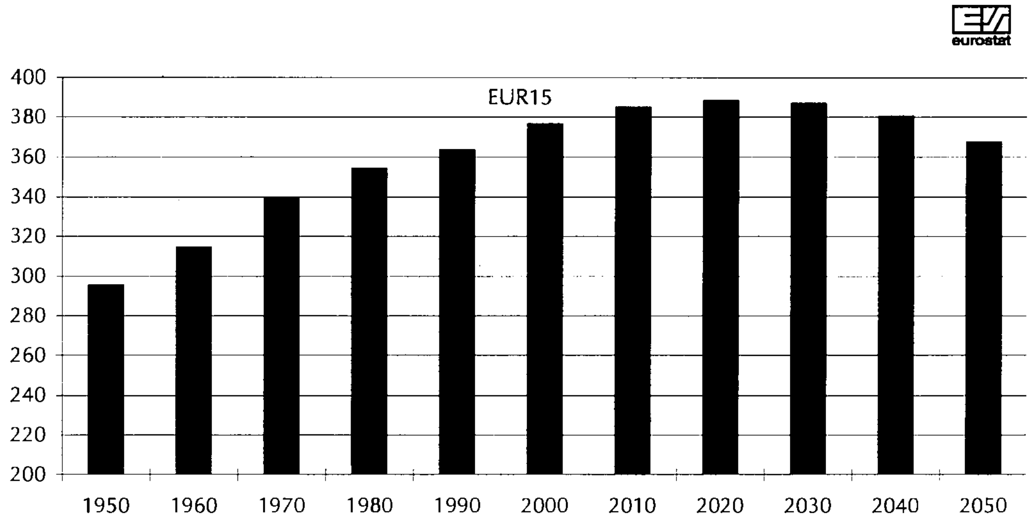
The demography of the European Union in 2050
Towards a shrinking population?

At the beginning of 1996, the European Union had 373 million inhabitants. If the present demographic trends continue, the baseline scenario (¹) drawn up by Eurostat predicts that over the next 50 years the population of the EU will remain static or even decrease

The population of the EU could fall to 367 million. The lowest growth scenario even predicts a fall to the 1950 level of 303 million. Only Luxembourg and Sweden will be unaffected by this trend.

Population of the EU up to 2050 (millions) - Baseline scenario (¹)



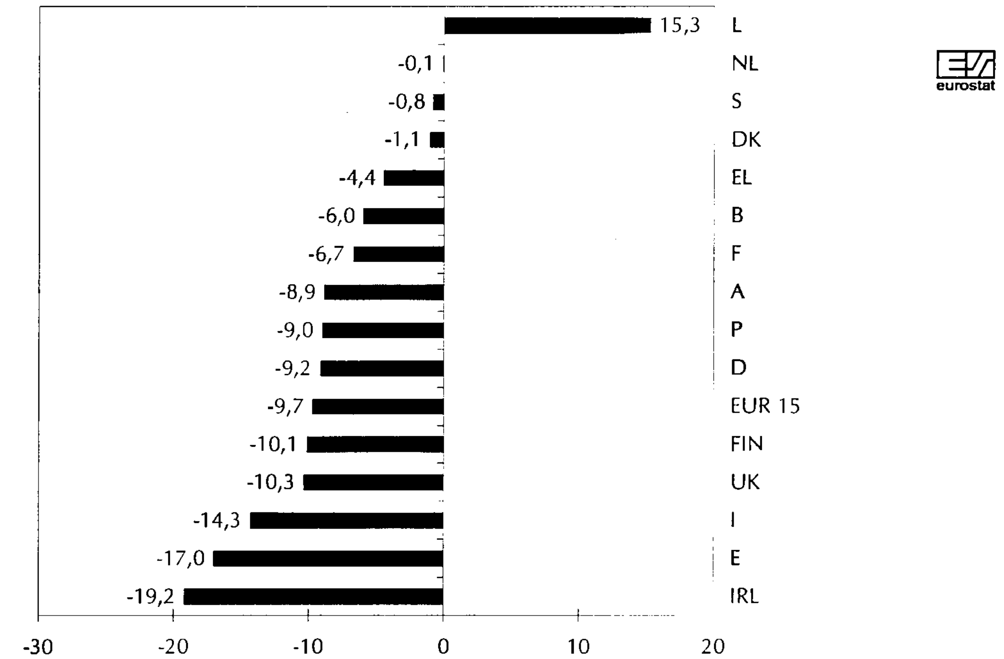
Total population of the EU ('000) - Baseline scenario (¹)

	EUR 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1995	371 575	10 131	5 216	81 539	10 443	39 177	58 020	3 580	57 269	407	15 423	8 040	9 912	5 099	8 816	58 504
2020	388 232	10 658	5 526	84 670	11 269	40 307	62 831	3 909	56 543	501	17 204	8 443	10 513	5 350	9 470	61 038
2050	367 729	10 428	5 542	77 089	11 242	36 736	62 063	3 818	49 287	563	17 564	8 241	10 681	5 078	10 082	59 315

Between 1975 and 1995, the number of young people (aged under 20) fell from 110 to 90 million, so that they now represent 24 % of the population of the EU. If the low fertility rate persists, there will be only 52 million young people in 2050

According to the baseline scenario, the proportion of young people will decline in almost all EU countries except Luxembourg during the period 1995-2020. In 2050, Finland, Ireland and Sweden could be the "youngest" Member States, and Italy, Germany and Spain the countries with the fewest young people.

Population aged under 20: change 1995-2020 (%)



Population aged under 20 as % of total population

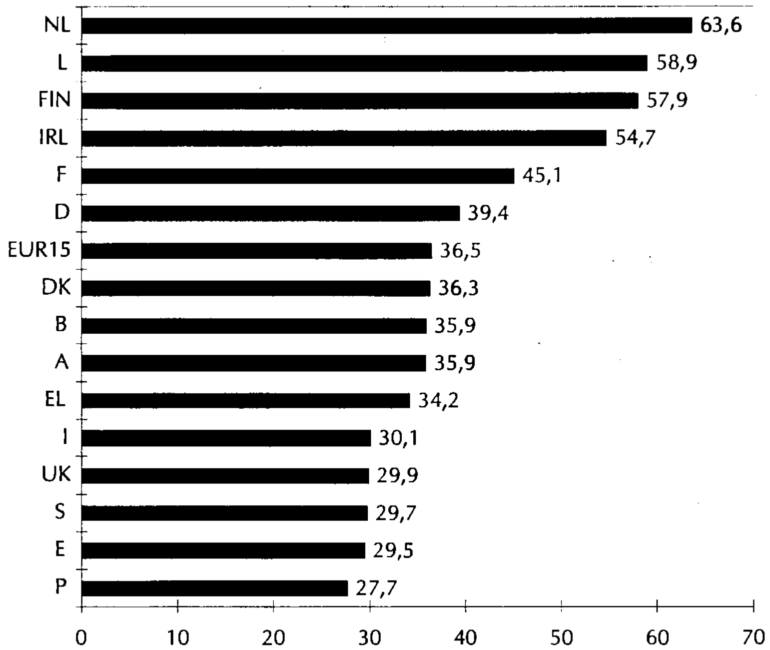
	EUR 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1995	23.9	24.1	23.6	21.5	24.4	25	26.1	33.9	21.5	23.8	24.4	23.3	26.1	25.5	24.7	25.3
2020	21	22	22	19	22	20	23	25	19	22	22	20	22	22	23	22
2050	19	31	22	18	20	18	21	21	17	22	21	19	21	21	22	21

(¹) The population projections are based on a number of scenarios (baseline, high, low etc.) involving future fertility, life expectancy and net migration. The baseline scenario describes "average development" and can therefore be used as a reference.

People in the 60-plus age group make up 21% of the population of the EU. In 2020 this figure is expected to reach 27%, and in 2050 this age group could account for 34%, a third of whom would be 80-plus

In all the EU countries, the number of old people will increase considerably, in particular in the countries which currently have the youngest populations (Finland, Ireland, Luxembourg and the Netherlands). In 2050, Italy and Spain could be the EU countries with the oldest populations.

Population aged 60 and over: increase 1995-2020 (%)



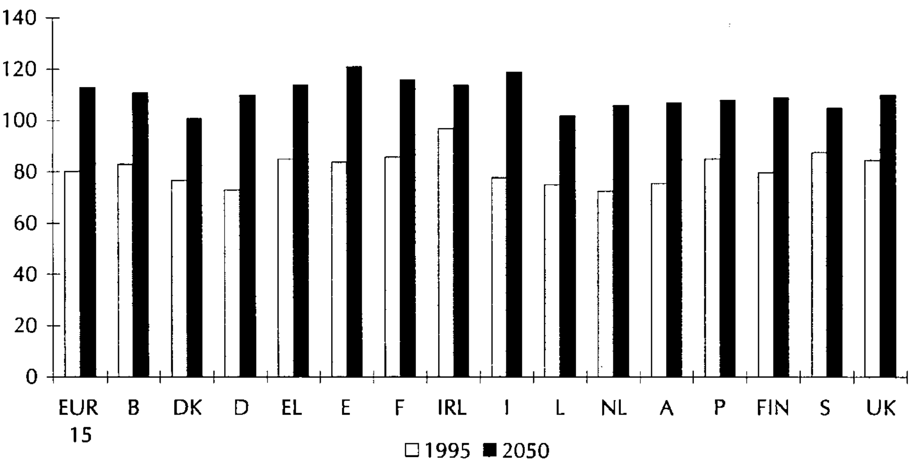
Population aged 60 and over as % of the total population

	EUR 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1995	20.6	21.3	19.9	20.7	21.5	20.6	20	15.3	22.2	19.1	17.7	19.8	19.8	18.9	22.1	20.5
2020	27	28	26	28	27	26	27	22	29	25	26	26	24	28	27	26
2050	34	32	29	34	33	37	33	32	37	29	30	33	31	31	29	32

At present, the age dependency ratio - i.e. the number of people aged under 20 and 60-plus expressed as a percentage of the population aged between 20 and 59 (i.e. potentially active) - is about 80% for the European Union

However, current low fertility levels and higher life expectancy (old scenario) indicate an age dependency ratio which in the long run will climb to record levels of over 120 % in 2050, particularly in Italy and Spain.

Age dependency ratio (%)



Age dependency ratio (%)

	EUR 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1995	80.2	83.1	76.9	73.1	85	83.9	85.7	96.9	77.7	75.1	72.6	75.6	85.1	79.8	87.7	84.6
2020	91	96	91	87	94	86	97	88	92	88	91	84	86	101	98	90
2050	113	111	101	110	114	121	116	114	119	102	106	107	108	109	105	110

bile sector: it would limit checks on an a priori basis to projects costing at least ECU 50 million, and not ECU 17 million, as at present. But in this context it would extend the automobile sector to major equipment manufacturers.

● The problem of late payments

Despite a European Commission recommendation of May 1995, the majority of EU countries have taken no steps to deal with the problem of late payments in commercial transactions. According to a report published by the Commission on 10 July, which covers the 15-nation EU plus Norway, average payment delays provided for by contract ranged in 1996 from 19 days in Finland to 75 days in Greece. It was noted that delays in payment were longer in the southern part of the EU and shorter in the Nordic countries. To this was added a delay on average of between six days in Norway and Spain and 41 days in Portugal. All in all, payments were actually made with delays of between 27 days in Norway and 94 days in Greece. While 63.2 % of firms settled their debts within the payment time in Germany, less than 25 % of them did so in the UK and the Netherlands. In order to improve a situation which is harmful to business, especially to SMEs, the Commission plans to propose a directive before the end of the year.

○ IN BRIEF

On 23 July the European Commission called on Europeans, and on businesses in particular, to use the **'€' symbol to designate the euro,** the future European currency. The Commission itself has been using this symbol since last December. The European Monetary Institute, which will become the European Central Bank in 1999, decided to support the symbol on 15 July. The message, especially to the information technology sector, is a clear one. The new symbol can be downloaded from the following Internet site: http://europa.eu.int/euro/

The European Commission has put at ECU 16.3 billion the sum which it feels is needed for the **fifth framework programme for research** (1999-2002), in the context of the Agenda 2000 orientations. This was how the Commission quantified on 30 July the proposals it submitted in April, proposals whose three strong points are: (1) health and the environment, (2) the information society and (3) competitiveness and sustainable growth.

Italy presented its **convergence programme** for 1998 to 2000 to the EU Council of Ministers on 7 July. The programme aims at reducing the public deficit to 3 % of GDP for the 1997 fiscal year, in the run-up to economic and monetary union. Nearly all EU Member States have had to draw up similar programmes.

The formula of **European Economic Interest Groupings (EEIGs)** can be an asset when tendering for public procurement contracts and programmes financed from public funds, particularly Union funds. These views are set out in a European Commission communication of 10 September. The list of EEIGs which have already been set up is contained in a database, which can be accessed at the following address: d2@dg15.cec.be In addition, the REGIE network encourages meetings between EEIGs and those interested by this formula, at the following Internet site: http://europa.eu.int/en/comm/dg23/index.htm

The European Commission asked the Fifteen on 10 September to speed up the construction of **trans-European transport networks,** by bringing together the public sector and private companies. According to the Commission, projects which lend themselves readily to this approach include the Brenner rail tunnel, linking Austria and Italy, and the high-speed train TGV Sud, between France and Spain.

As of 28 July, 166 products, from nine EU countries, had been awarded the **European ecological label,** which certifies that the stringent environmental criteria established by the European Commission are being met.

AGENDA 2000 — BY THE YEAR 2006

The resources of the European Union, and its major categories of expenditure, were programmed in 1992 until the end of 1999. For the period after 1999, when the EU will add new members, the European Commission proposed to the Member States on 16 July a series of political and financial orientations, under the title 'Agenda 2000'. These orientations cover the years from 2000 to 2006, and the 15 EU Heads of State or Government should reach a decision on them when they meet as the European Council in Luxembourg this December.
As regards enlargement itself, the Commission proposes that negotiations be opened, as from next year, with Estonia, Hungary, Poland, the Czech Republic and Slovenia, as well as with Cyprus, as planned. The Commission intends to re-examine each year, and at the end of 1998 for the first time, the cases of other central and east European candidates for membership: Bulgaria, Latvia, Lithuania, Romania and Slovakia. In 1995, the GDP of the countries in question (with the exception of Cyprus) was 32 % on average of the present EU, ranging from 59 % in Slovenia to just 18 % in Latvia. In parallel with Agenda 2000, the Commission proposed to Turkey on 15 July a deepening of its relations with the EU.
Within the EU itself, the document proposes the continued reduction in regional and social disparities, with the EU devoting for this purpose the same proportion of its GDP as in 1999 — 0.46 % — and a total amount of ECU 230 billion, as against ECU 200 billion for the period from 1993 to 1999. To this amount would be added the ECU 45 billion that the countries which joined the EU by 2006 would receive. Moreover, the areas of the EU receiving financial aid would go from 51 % of the actual population to 35-40 % in the year 2000. The allocation of this aid would be rationalised, and priority given to the less prosperous regions and to combating unemployment. The Cohesion Fund would support, as regards transport and the environment, countries whose GDP is below 90 % of the EU average and which take part in the euro. In the agricultural field, the Commission proposes deepening and extending the 1992 reforms, by intensifying the movement towards direct payments and away from price support. At the same time the emphasis would be on quality foodstuffs and the 'ecological' aspects of agriculture.
The ceiling which has been set for the resources to be mobilised in 1999 — 1.27 % of the Union's GDP — would not be exceeded, given that economic growth should release funds. The limits on growth in agricultural expenditure would continue. The EU's running costs would increase more slowly than GDP. Enlargement, however, would result in the EU spending more in the areas of trans-European networks, research, training, environment and SMEs.

Information on the ecolabel can be obtained from Mr Graham Morrison, at the European Commission, or by accessing the following Internet site, where more than 100 pages of information are available: http://europa.eu.int/en/comm/dg11/ecolabel/index.htm Mr Morrison can be reached in Brussels by telephone ((32-2) 299 03 96)) or fax ((32-2) 295 56 84)). His Internet address is graham.morrison@dg11.cec.be

The European Commission proposed on 23 July a directive which would ban all forms of discrimination against **part-time workers,** and facilitate the expansion of part-time employment. The proposal closely follows an agreement reached between European employers and trade unions.

Detailed **information on contractual clauses regarded as misleading** in the various EU countries will soon be available in a database called CLAB Europa. Such clauses are banned under a 1993 EU directive; the new database will also show how the directive is being implemented by national administrations and courts. CLAB can be accessed at http://europa.eu.int/en/comm/dg24/spc.html

In order to limit the environmental problems caused by the 8 to 9 million tonnes of **cars which end up on the scrapheap** in the EU each year, the European Commission proposed on 9 July a directive which would give them an 'ecological demise'. The draft directive fixes quantified targets for the parts that can be reused, recovered or recycled. The vehicle's last owner would turn it over to an authorised body.

The European Commission published on 15 July a White Paper on the **possible implementation of the directive limiting working hours in sectors excluded** so far, in particular transport. All Europeans concerned by the subject can send their comments to the Commission by 31 October, under the reference V/D2/WP. Comments can be sent by mail to DG V/D.2, rue de la Loi/Wetstraat 200, B-1049 Brussels, or through the Internet: dg5-workingtime@bxl.dg5.cec.be

The interpretation given to the common scheme for VAT and excise duties often varies from one EU Member State to another. As a result, a firm can be taxed twice over, or occasionally, not at all. In order to put an end to a situation which penalises SMEs and the professions in particular, the European Commission asked the Fifteen on 15 July to authorise it to settle the technical details of the taxes in question, as is done by a national administration.

Between 1 November 1996 and 1 May 1997, **price differences between EU countries for new cars** widened because of monetary fluctuations, and more particularly the revaluation of the pound sterling. This is one of the findings of the ninth half-yearly report on car prices, exclusive of taxes, in the EU, published by the European Commission on 11 July. Car prices are still the lowest in the Netherlands, more so than in Portugal. UK prices are now the highest.

SEEN FROM ABROAD

▶ Agenda 2000 as seen by the candidates

Here are some of the reactions to Agenda 2000 in the countries that have applied to join the EU.

In Bulgaria, Parliament unanimously demanded on 23 July that membership negotiations begin at the same time for all 11 candidate countries.

In Cyprus, Spyros Kyprianou, President of the Parliament, claimed on 16 July that EU membership would contribute substantially to an acceptable solution to the problems of an island divided *de facto* between the Greek and Turkish communities.

The Foreign Minister of Estonia declared in Brussels on 11 September that his country would be part of the next wave of countries to join the EU.

The Prime Minister of Hungary, Gyula Horn, noted on 16 July that his country would join the EU in the year 2000.

The Prime Minister of Lithuania, Gediminas Vagnorius, stated on 9 September that his country was already meeting the main economic and political criteria for membership.

The President of Poland, Aleksander Kwasniewski, declared on 3 September that his country would be ready in the year 2000 to join the EU and take part in the single European currency.

In Romania, Prime Minister Victor Ciorbea came out on 16 July against an enlargement of the EU by successive groups of countries; he felt this would result in artificial and discriminatory borders.

The Deputy Prime Minister of Slovakia, Jozef Kalman, declared that the European Commission's opinion on his country's membership application was not entirely objective.

Slovenia had just amended its constitution and ratified its association agreement with the EU when Agenda 2000 was published. This considerably improves the country's membership prospects, according to Prime Minister Janez Drnovsek.

▶ Andorra and Monaco for the euro

The Government of Andorra, where both the French franc and Spanish peseta are currently in use, decided in principle in July to adopt the euro. As for Monaco, which uses the French franc, its Head of State, Prince Rainier, asked French President Jacques Chirac on 25 July for the euro to become legal tender in the Principality at the same time as in France.

▷ IN BRIEF

The President of **Ukraine,** Leonid Koutchma, declared in an interview on 21 July that membership of the EU was his country's strategic objective. Foreign Minister Guennadi Udovenko reiterated this on 5 September.

Mexico raised a loan in euro on 10 September, the first non-European State to do so. It borrowed EUR 300 million, repayable over seven years. Pending the introduction of the European currency, euro bonds are posted in ecus.

**A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (http://europa.eu.int)**

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Directorate-General for Information, Communication, Culture and Audiovisual Media
Rue de la Loi/Wetstraat 200 — B-1049 Brussels

OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES
L-2985 Luxembourg

Catalogue number: CC-AI-97-009-EN-C